

**State of Alaska
FY2004 Governor's Operating Budget**

**Department of Labor and Workforce Development
Workers' Compensation
Component Budget Summary**

Component: Workers' Compensation

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Component Mission

Ensure that eligible Alaskan workers are provided adequate medical care, prompt payment of benefits and, if needed, voluntary rehabilitative services.

Component Services Provided

The Workers' Compensation Act, enacted in 1962, established a Board, currently consisting of 15 members, which helps establish policy regarding its mission, approves regulations and adjudicates disputes between employers and employees. This component is the administrative arm of the Board, investigating uninsured employers, tracking and recording all aspects of workers' compensation and providing information as requested. Other services include mediating workers' compensation disputes between employees and employers and attempting to resolve them informally. The program conducts prehearings and formal hearings, issues formal decisions and orders that are appealable to the courts, administers the volunteer reemployment benefits program and provides for general compliance with the Act.

Component Goals and Strategies

1) ASSURE THAT EMPLOYEES ARE PROPERLY COMPENSATED FOR THEIR WORK RELATED INJURIES OR ILLNESSES.

- Identify and investigate uninsured employers to ensure all Alaskan workers who suffer a work related injury or illness are provided financial and medical benefits.

- Maintain a database of all aspects of workers' compensation activity in the State of Alaska.

- Mediate workers' compensation disputes between employers and employees and attempt to resolve them informally through prehearings.

- Conduct formal hearings before panels of the Workers' Compensation Board when an informal prehearing has not been successful. All Decision and Orders of the Board are appealable to the courts.

- Administer the volunteer reemployment benefits program that offers training to those injured workers whom, because of their workplace injuries, cannot return to their jobs.

2) IMPROVE PROCESS TO ENABLE INJURED WORKERS TO RECEIVE SERVICES QUICKLY AND EFFICIENTLY.

- Reduce hearing time lag so that cases can be heard and decided sooner, thereby reducing the burden and expense to affected parties, by increasing the number of hearings being scheduled.

- Continue to provide information to the public and all interested parties through walk-in visits or by fax, mail, email or telephone resulting in a greater understanding of the workers' compensation system among the affected parties.

- Develop electronic data interchange (EDI) systems and Internet filing systems to enhance the new information handling system and further increase efficiencies. Pilot projects in proof of coverage and compensation payment reporting to accomplish this end have begun.

Key Component Issues for FY2003 – 2004

- Reduce the backlog and time lag in cases that require formal hearing.

- Increase claimant awareness and understanding of their rights under the Alaska Workers' Compensation Act.

- Investigate uninsured employers to enforce compliance with the law.
- Research ways to provide benefits to injured workers whose employers were uninsured.

Major Component Accomplishments in 2002

-Implemented a budget that resulted in an almost complete replacement of pure general funds and conversion to a fee based funding system through the Workers' Safety and Compensation Account.

-Worked with the legislature to pass a statutory provision that will allow for a new Board panel in Anchorage that will help alleviate the hearing backlog and time lag.

-Initiated a pilot project that will implement computer programming necessary to give the division the capacity to accept electronic filing of proof of coverage and payment information.

Statutory and Regulatory Authority

AS 23.30
8 AAC 45
8 AAC 46

Workers' Compensation
Component Financial Summary

All dollars in thousands

	FY2002 Actuals	FY2003 Authorized	FY2004 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,805.4	2,096.1	2,145.3
72000 Travel	65.1	51.7	60.5
73000 Contractual	318.4	251.7	386.5
74000 Supplies	98.5	57.3	57.3
75000 Equipment	28.7	14.4	14.4
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	130.4	143.6	124.2
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	2,446.5	2,614.8	2,788.2
Funding Sources:			
1004 General Fund Receipts	700.5	143.6	0.0
1005 General Fund/Program Receipts	14.9	29.9	0.0
1007 Inter-Agency Receipts	46.5	47.9	72.4
1157 Workers Safety and Compensation Administration Account	1,684.6	2,393.4	2,715.8
Funding Totals	2,446.5	2,614.8	2,788.2

Workers' Compensation**Proposed Changes in Levels of Service for FY2004**

Increase effectiveness and level of services through efficiencies derived from the new Information Handling System by adding electronic filing capacity.

Summary of Component Budget Changes**From FY2003 Authorized to FY2004 Governor***All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2003 Authorized	173.5	0.0	2,441.3	2,614.8
Adjustments which will continue current level of service:				
-Annualize FY2003 COLA Increase for General Government and Supervisory Bargaining Units	0.0	0.0	23.3	23.3
-\$75 per Month Health Insurance Increase for Non-Covered Staff	0.0	0.0	1.7	1.7
-Change Benefit Payments Fund Source from General Fund to Worker Safety Account	-124.2	0.0	124.2	0.0
-Fund Change from Program Receipts to Worker Safety Account	-29.9	0.0	29.9	0.0
-Transfer General Funds from Workers' Comp to AK Labor Relations Agency for Program Costs ADN0731034	-3.7	0.0	0.0	-3.7
Proposed budget decreases:				
-Delete General Funds to Align Authorization with Projected Expenditures	-15.7	0.0	0.0	-15.7
Proposed budget increases:				
-Increase Interagency Receipt Authorization for Shared Costs of PCN 07-3023	0.0	0.0	24.2	24.2
-Increase Worker Safety Account Funding to Allow Payment of Program Support Costs	0.0	0.0	143.6	143.6
FY2004 Governor	0.0	0.0	2,788.2	2,788.2

Workers' Compensation

Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2003</u> <u>Authorized</u>	<u>FY2004</u> <u>Governor</u>		
Full-time	35	36	Annual Salaries	1,687,639
Part-time	1	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	594,098
			<i>Less 5.98% Vacancy Factor</i>	(136,437)
			Lump Sum Premium Pay	0
Totals	36	36	Total Personal Services	2,145,300

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	4	1	4	0	9
Administrative Clerk III	1	0	1	0	2
Administrative Manager III	0	0	1	0	1
Administrative Supervisor	1	0	0	0	1
Chf Adjud Worker Comp	1	0	0	0	1
Division Director	0	0	1	0	1
Microfilm Equip Op I	0	0	1	0	1
Reemployment Benefits Adm	1	0	0	0	1
Worker Comp Hearing Off	5	1	1	0	7
Worker Comp Off II	5	1	1	0	7
Worker Comp Technician	3	0	2	0	5
Totals	21	3	12	0	36